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# News Bulletin

25 August 1982
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PM-BANK SKED 9-25
AUSTRALIAN BANK SCANDAL LINKED TO CIA
BY BRIAN DENHURST

SYDNEY, AUSTRALIA (UPI) -- AUSTRALIAN AUTHORITIES ARE HOTLY PURSUING A 2-YEAR-OLD SUICIDE AND BANKING BANKRUPTCY CASE, TRACKING DOWN REPORTS OF DRUG DEALS, SWINDLES AND CIA INVOLVEMENT IN THE AFFAIR.

BUSINESSMAN FRANK NUGAN, 37, WAS FOUND SHOT DEAD IN HIS MERCEDES BENZ NEAR A SHEEP GRAZING AREA WEST OF SYDNEY IN JANUARY 1980. A CORONER RULED THE SHOT WAS SELF-INFLICTED.

HIS DEATH TRIGGERED THE BANKRUPTCY OF NUGAN HAND LTD., A PRIVATE BANKING CONCERN THAT HAD A NUMBER OF HIGH-RANKING FORMER U.S. MILITARY AND INTELLIGENCE OFFICIALS ON ITS PAYROLL.

NUGAN WAS CHAIRMAN OF A GROUP OF COMPANIES AFFILIATED WITH NUGAN HAND THAT REPORTEDLY HANDLED $1 BILLION ANNUALLY FOR ITS CLIENTS.

THE WALL STREET JOURNAL SAID TUESDAY THAT WHEN WORD OF NUGAN'S DEATH REACHED THE BANKING FIRM'S PRESIDENT, RETIRED U.S. REAR ADM. EARL YATES, HE RANSACKED THE FIRM'S FILES AND SHREDDED A NUMBER OF DOCUMENTS.

AFTER THE FIRM WENT UNDER, NUGAN'S PARTNER, MICHAEL JOHN HAND, DISAPPEARED, AND RUMORS SURFACED THE COMPANY WAS INVOLVED IN ILLEGAL ACTIVITIES -- INCLUDING DRUG SALES, SWINDLING, INTERNATIONAL ARMS DEALS, AND MONEY-LAUNDERING.

AUSTRALIAN NEWS REPORTS ALSO CONNECTED THE CENTRAL INTELLIGENCE AGENCY WITH THE BANK. THE CIA DENIES IT HAD ANYTHING TO DO WITH NUGAN HAND.

IN FEBRUARY, HOWEVER, THE NEW SOUTH WALES CORPORATE AFFAIRS COMMISSION, A GOVERNMENT AGENCY THAT MONITORS BUSINESS PRACTICES, BEGAN INSPECTING EVIDENCE OF LINKS BETWEEN NUGAN HAND AND FORMER CIA DIRECTOR WILLIAM COLBY, WHO REPORTEDLY ONCE DID LAW BUSINESS FOR THE FIRM.

A POLICE TASK FORCE INVESTIGATING THE NUGAN HAND AFFAIR ALSO DELIVERED A LONG INTERIM REPORT TO THE FEDERAL GOVERNMENT DEALING WITH NUGAN HAND'S ALLEGED INVOLVEMENT IN DRUG TRAFFICKING.

OTHER DISCLOSURES HAVE LINKED MICHAEL HAND AND BERNIE HOUGHTON,

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THE BANK'S SAUDI ARABIAN REPRESENTATIVE WITH A SECRET U.S. INTELLIGENCE GROUP, IDENTIFIED AS TASK FORCE 157.

INVESTIGATORS CLAIMED IN JUNE THIS YEAR THAT EDWIN P. WILSON, A FORMER U.S. INTELLIGENCE AGENT ARRESTED IN NEW YORK THIS YEAR, WOULD BE ABLE TO SUPPLY INFORMATION ABOUT INTERNATIONAL ARMS DEALS INVOLVING THE BANK.

ACCORDING TO ONE SOURCE, WILSON MET WITH A NUGAN HAND REPRESENTATIVE IN SWITZERLAND IN LATE 1979 TO DISCUSS A $15 MILLION LOAN.

IN JUNE, THE ROYAL COMMISSION INTO DRUG TRAFFICKING WAS EXTENDED BY EIGHT MONTHS TO DEAL WITH ALLEGATIONS ABOUT THE NUGAN HAND BANKING GROUP.

THE CHAIRMAN SAID IT WAS LIKELY THAT 'IN DUE COURSE, CRIMINAL PROSECUTIONS WILL BE COMMENCED AGAINST A NUMBER OF INDIVIDUALS NAMED IN THE REPORT FOR DRUG, CONSPIRACY, PERJURY AND PASSPORT OFFENCES.'

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